

RELEASED IN FULL

INFO	LOG-00	AID-00	ACQ-00	CA-00	CIAE-00	SRPP-00	EAP-00
	EB-00	EUR-00	UTED-00	VC-00	TEDE-00	INSE-00	IO-00
	L-00	VCE-00	AC-00	NSAE-00	OCS-00	OIC-00	OMB-00
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	SS-00
	MR-00	TEST-00	TRSE-00	T-00	USIE-00	SA-00	PMB-00
	DRL-00	G-00	SAS-00	/000W			

-----1A5EA5 072158Z /62

P 071143Z MAY 04

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 3940

INFO USDOC WASHDC 0061

NSC WASHDC

SECDEF WASHDC

PACOM IDHS HONOLULU HI

JOINT STAFF WASHDC

FBIS BANGKOK TH

AMEMBASSY BEIJING

AMEMBASSY COLOMBO

AMCONSUL CHENNAI

AMCONSUL CALCUTTA

AMEMBASSY DHAKA

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL KARACHI

AMEMBASSY MOSCOW

AMCONSUL MUMBAI

AMEMBASSY LONDON

USMISSION GENEVA

USMISSION USUN NEW YORK

COMSEVENTHFLT

HQ USCENCOM MACDILL AFB FL

UNCLAS NEW DELHI 002787

STATE FOR NP, AC, PM

STATE FOR INR/MR

STATE FOR SA/INS, PM/CBM, PM/PRO

STATE FOR SA/PD

STATE FOR AID/APRE-A

USDOC FOR 4530/IEP/ANESA/OSA FOR BILL MURPHY

USUN ALSO FOR CHUCK MAST

E.O. 12958: N/A

TAGS: PGOV, PREL, KMDR, IN, CASC

SUBJECT: MEDIA PLAY: GOI STARTS INQUIRY INTO IRAQ JOB

FIRMS; US LOOKING INTO MISTREATMENT OF INDIANS;

UNCLASSIFIED

COVERAGE ON IRAQ ABUSES; HIZBUL CHIEF KILLED IN KASHMIR ENCOUNTER; CHINA ACKNOWLEDGES SIKKIM AS INDIAN STATE; INDIA, PAKISTAN TO AMEND SHIPPING PROTOCOL; BPO MARKET SET TO REACH USD 682 BILLION IN 2008; INDIA'S TEXTILE EXPORTS TO SPURT AFTER MFA ENDS; NEW DELHI, MAY 7, 2004.

1. Media Reaction Report filed SEPTTEL.

2. Begin summary: Worried that illegal detention of Indians in Iraq may have an adverse political fallout in the election season here, the GOI has reportedly gone into an overdrive and directed the foreign ministry to probe how some many Indians had trickled into Iraq without the knowledge of its missions in Baghdad, Kuwait and Jordan. Reports noted that the Bush Administration has said that it is looking into reports of mistreatment of Indians lured into Iraq by American contractors. The Indian media continued to highlight reports the alleged torture of prisoners at the Abu Ghraib prison. The separatist Hizbul Mujahideen in Jammu and Kashmir reportedly suffered a setback when security forces shot dead its chief operations commander, Gazi Shahabuddin, in Srinagar on Thursday. Even as India and China get ready for their third round of talks on the boundary issue in May-June, Beijing has for the first time included Sikkim as a part of India and not as a separate entity. India and Pakistan are keen on amending the suspended protocol on shipping to enable ships of both the countries to carry cargo to third countries and run cargo services. A PTI wire report from Houston in several papers said the worldwide Business Process Outsourcing (BPO) market will reach USD 682 billion in the year 2008. India's exports are likely to spurt by over 185 percent after the global textiles and clothing industry ends the quota system in January 2005. End summary.

--GOI STARTS INQUIRY INTO IRAQ JOB FIRMS

3. Several mainline dailies reported that the GOI has gone into an overdrive to probe the reported mistreatment of Indians in US army camps on Iraq to prevent any adverse fallout in the ongoing parliamentary election process. Reports noted that the Government has asked the External Affairs Ministry to probe how so many Indian had got into Iraq without the knowledge of Indian missions in Baghdad, Kuwait and Jordan.

UNCLASSIFIED

UNCLASSIFIED

4. Nationalist THE HINDUSTAN TIMES quoted diplomatic sources as stating that officials are still grappling with the problem. They are yet to ascertain the exact number of Indians in Iraq, as the mission in Baghdad was not able to give a clear picture. Sources (unnamed) said that India has now asked its Ambassador in Kuwait, Swashpavan Singh, to coordinate with the US Embassy there to check with US firms in Iraq on the number of Indians employed by them.

5. Centrist THE ASIAN AGE reported that even as the government on Thursday said it will prosecute firms recruiting ex-servicemen for security duties in Iraq,

agencies engaged in this illegal activity seem to be little aware of the recent ban and the laws concerning sending manpower abroad. Protector General of Emigrants, D.S. Poonia said action would be initiated against agencies that were violating the Emigration Act. He said investigations were on to determine the number of people who have been sent there.

6. The report said the exact number of ex-Army personnel who have been sent to war-ravaged Iraq, and those sent to work in camps for soldiers of the US-led coalition on pretext of jobs for Kuwait and Jordan, is not known as yet. "Investigations are underway to find out the number of people they have sent or whether they have sent anybody," Poonia said, adding that following the investigation, the FIRs will be registered against firms such as Tri-guard Force - which has not been registered with the Protector General of Emigrants office - if it had contravened the law in this regard.

7. While firms are unaware of the April 15 ban on sending people to Iraq and regarding existing provisions of registration with the Protector General office or those of sending manpower abroad, government officials say a foolproof check cannot be maintained. The April 15 ban had been imposed on account of the deteriorating security situation there and it will be lifted only once the situation improved. The Protector General's office has also issued instructions to its offices in cities across the country to be more cautious in dealing with cases pertaining to Jordan, Kuwait and United Arab Emirates.

8. The Ministry of External Affairs has sought a report on whether over 1,500 ex-servicemen have been sent to Iraq in contravention of the April 15 ban, or

UNCLASSIFIED

UNCLASSIFIED

whether unskilled workers from Kerala have been sent to Iraq to serve US soldiers, has been sought.

9. Meanwhile, the US embassy in Delhi has said that it is investigating the reports of abuse and human trafficking of Indian citizens Iraq. The MEA had contacted the mission following reports of Indians saying they were taken to Iraq on false pretexts.

--U.S. LOOKING INTO 'MISTREATMENT' OF INDIANS IN IRAQ

10. Centrist THE HINDU and other dailies reported from Washington that the Bush administration has said that it is looking into reports of mistreatment of Indians lured into Iraq by American contractors. According to the State Department, the American Embassy in New Delhi has started looking into the reports after having been contacted by the External Affairs Ministry. "... Our Embassy has started to look into these reports and has advised the Ministry [of External Affairs] that it is

doing so. Obviously, we take all such reports seriously and we'll do our best to find out the facts of the matter," State Department spokesman Richard Boucher said on Wednesday.

11. Asked if there was a broader effort to find out what actually happened to the people who were mistreated by the contractors, he said: "I think that's what the Embassy would do, try to identify first of all who these people worked with and what they were doing and then use our folks on the other end of the equation to find the specifics of the circumstance, see what really happened." To a query if the Pentagon had been in touch, Mr. Boucher said: "I don't know where we stand. But I'm sure our Embassy will follow up and get in touch with everybody that's appropriate."

12. SAHARA SAMAY television channels reported in one of its stories that the US is probing alleged abuse of Indians in Iraq. The report said that according to the State Department, the US Embassy in New Delhi is taking cognizance of reports that Indians were allegedly lured into Iraq by the US contractors and abused there.

--"IRAQ ABUSE CASES ARE NO ABERRATION"

13. The Indian media continued to highlight reports and graphic details of alleged torture of prisoners at the Abu Ghraib prison in US-occupied Iraq. Reports

UNCLASSIFIED

UNCLASSIFIED

noted that President Bush has declared on Wednesday that the evidence of torture at the prison is "abhorrent" and "does not represent the American that I know." However, reports noted that the reality is that the Bush Administration's 'War on Terror' has "spawned a set of aggressive detention and interrogation practices that have broken down the time-honored taboo against torture and exposed prisoners to the depredations of interrogators and guards who know the usual rules no longer apply."

14. "From the notorious black hole of Guantanamo to the numerous detention centers run offshore by the CIA so as to exclude the oversight of US courts, it is routine for prisoners to be humiliated or subjected to physical abuse and violence," centrist THE TIMES OF INDIA's foreign affairs editor Siddarth Varadarajan wrote.

15. All mainline television channels, several regional channels and GOI-owned All India Radio continued to focus on the prisoner-abuse scandal that, said the channels, has "forced US President George Bush to apologize" to the Iraqis. NDTV carried this as the first lead in the morning bulletins. All other channels carried the report as one of the top stories. All stories were negative in tone. NDTV commented,

"The Arab world has reacted with outrage as the controversy refuses to die down. President Bush himself had to apologize." Up to now, the President has not offered his own apology during public appearances, including two interviews with Arab-language television channels intended to quell international outrage over prisoner abuse, the channels reported.

16. Clips on almost all channels showed President Bush saying he was sorry and scenes of inhuman treatment meted out to Iraqi prisoners had made Americans "sick to our stomachs." Speaking at a joint press appearance with Jordon King Abdullah II at the Rose Gardens, he said, "I told his Majesty I was sorry for the humiliation suffered by the Iraqi prisoners and the humiliation suffered by their families." "I told him I was equally sorry that people that seen those pictures didn't understand the true nature and heart of America. I assured him that Americans like me didn't appreciate what we saw."

UNCLASSIFIED

UNCLASSIFIED

17. The channels added that Bush rejected mounting calls for Defense Secretary Donald Rumsfeld to quit or be sacked over the scandal tied to the abuse of Iraqi prisoners by US troops. NDTV, in its story, carried a clip of Democratic Senator Pat Leahy asking why Bush/Rumsfeld allowed this shame to happen? "Why did you allow America to be shamed this way throughout the world?" Other channels just mentioned in their report that the growing demand for Rumsfeld's resignation was rejected outright by the President saying, "He is a good secretary. He is a good secretary of defense."

18. Several channels including DOORDARSHAN and ZEE added that US lawmakers passed a resolution in the House of Representatives deploring the abuse by US troops of prisoners detained in Iraq. The resolution calls on the Pentagon to exact "swift justice" on any member of the US armed forces found to have taken part in the humiliation of Iraqi detainees, which has blown into an international scandal.

19. Another story carried on almost all channels including Doordarshan, NDTV, Sahara Samay, Aaj Tak and Star News is the reported statement by Al-Qaeda leader Osama bin Laden offering gold rewards for killing US Iraq administrator Paul Bremer and UN Secretary General Kofi Annan.

20. Urdu media coverage: Headlines such as "BUSH UNASHAMED OF AMERICAN TROOPS' BRUTAL ABUSE OF IRAQI PRISONERS" and "AMERICAN ADMINISTRATION TRIES TO COVER UP CRIMINAL ABUSE OF PRISONERS IN IRAQ" appeared prominently in a number of Urdu dailies indicating general dissatisfaction with the response of the

American government to the reports of extensive torture of Iraqi prisoners. The headlines on a REUTERS report noted that instead of offering apology to the extremely inhuman and shameful crimes committed by the American military against the Iraqi prisoners and taking remedial actions, President Bush preferred to leave the responsibility of explaining American position to his juniors.

21. "At the same time the Bush administration is making every effort to cover up the whole issue of horrible torture and cruelty in Iraq," said the report in addition to quoting National Security Advisor Condoleezza Rice as saying "deeply sorry for what has happened."

UNCLASSIFIED

UNCLASSIFIED

22. Several Urdu dailies also front-paged the news of car bomb explosion in Baghdad "that left 3 American soldiers and several Iraqis killed."

23. "US INTERFERENCE AND DOMINANCE HAS ONLY WORSENERD SITUATION IN MIDDLE EAST," said the headline of a news analysis by veteran journalist Ishrat Ali Siddiqui in leading Urdu daily QAUMI AWAZ. Taking an overview of the current situation in the Middle East and in the Muslim world in general, the article says that the fire of violence and bloodshed ignited by the US and the UK IN 1917 could never be extinguished. Rather they ensured that it keeps raging. "The two powers primarily responsible for the plight of the Middle East are now fuelling that fire at a larger scale. Recent developments in Afghanistan, Iraq, Palestine and Pakistan are threatening the entire area to be engulfed in an unprecedented storm of unrest and instability," said the article.

24. Editorial commentaries under headlines such as "COALITION FORCES' SAVAGERY", "SHAMEFUL AMERICAN BEHAVIOR", "AMERICAN, BRITISH TROOPS PERPETRATE ATROCITIES IN IRAQ" and "HOW WOULD YOU NAME THIS TERROR" carried sweeping condemnation and harshest criticism of what they called "extremely inhuman crimes, savagery of no parallel in history, highly disgusting and horrible torture" committed by American and British forces. The commentators generally held the American and British governments responsible for the abuse of prisoners and accused them of covering up and playing down the whole issue.

25. "The latest savagery only adds to the US history of human rights abuses," said the editorial in May 7 nationalist RASHTRIYA SAHARA. In the same daily, veteran columnist Saeed Suhrawardi concluded his edit-page article by saying: "Bush says that no civilized army can do this. Yes, it is true but American military does it always." The editorial in May 6

independent MUNSIF also urged the world community to "come forward and hold the US accountable for the bloodshed and other crimes of cruelty in Iraq."

--THE DAY AFTER, INDIAN FORCES HIT BACK AT THE HIZB

26. Just a day after the separatist Hizb-ul-Mujahideen's efforts to secwre a poll boycott met with

UNCLASSIFIED

UNCLASSIFIED

some success in south Kashmir, the security forces have struck back by eliminating the terrorist organization's supreme commander for military operations in Kashmir.

27. Known by the multiple aliases Shardar Khan, Ghazi Shahabuddin and Shardar Pir, Abdul Rashid Pir had taken charge as the Hizb's top functionary in January this year, after the elimination of his predecessor, Ghulam Rasool Dar.

28. Reports noted that Pir's killing has considerable significance for politics in Jammu and Kashmir, since the Hizb leader was the key advocate of the organization's efforts to develop relationships with political parties.

29. Jammu and Kashmir Police personnel cordoned off the Gurgui Mohalla in Srinagar around 12:30 p.m. Sources said the State police had been provided specific information by the Intelligence Bureau that Pir was staying undercover in the home of a local carpenter, Bashir Ahmad. Pir, a resident of Khunmoh village near Srinagar, was shot dead after a brief encounter, in which two constables sustained minor injuries. A hand-held satellite phone, a Kalashnikov, a pistol and Rs. 1,00,000 in cash was found in the safe house.

30. THE HINDU reported that Pir had a central role in shaping the Hizb's complex relationship with the People's Democratic Party. In 2001, he took charge of the Hizb's Central Kashmir Division, having crossed the Line of Control along with the then-supreme commander, Ghulam Hassan Khan. His introduction to the Valley was part of a large-scale reshuffle within the Hizb, intended to counteract the influence of the pro-dialogue rebel, Abdul Majid Dar. The central challenge before the new commanders was building a new pool of over ground sympathizers, to compensate for the diminishing support from the ranks of the Hizb's traditional political patron, the Jamaat-e-Islami.

31. Soon afterwards, Pir successfully built a wide network of contacts with grassroots PDP (the ruling party in Kashmir) cadre as well as its top leadership, contacts that were crucial to its thumping victory in the 2002 Assembly Elections. The relationship, however, rapidly soured. One key cause was the March 2003, elimination of Ghulam Hassan Khan, who operated

UNCLASSIFIED

UNCLASSIFIED

under the code name Engineer Zamaan. The Hizb believed their supreme commander was eliminated several hours after his arrest, and that the Chief Minister, Mufti Mohammad Sayeed, and his daughter, Mehbooba Sayeed, could have brought pressure to bear to save his life.

32. Officials, however, strenuously deny the allegation that Khan was killed in custody. Whatever the truth, the Hizb responded by initiating a full-scale assault on the PDP. Pir is believed to have ordered the assassination of several PDP cadres, including a relative of Sayeed, in April 2003, and the subsequent bombing of the Parimpora Fruit Market in Srinagar two months later.

33. Sources, however, said he subsequently acceded to requests by a top PDP leader for a peace meeting, along with the southern division commander, Arif Khan. The meeting, held in the south Kashmir village of Chattergul, ended with the top PDP leader promising to do all that was possible to scale back offensive operations against the Hizb. Nothing of the kind could in fact be secured by the PDP, although follow-up meeting was held in the Pahalgam area. Sources say Amir Khan, a member of the Hizb's Pakistan-based Central Jihad Council, could replace Pir.

--CHINA ACKNOWLEDGES SIKKIM AS INDIAN STATE

34. In an implied acknowledgement of Sikkim's status as Indian territory, China has quietly stopped listing the Himalayan border state as a separate entity. The Chinese move came on the eve of the elections in Sikkim, which will choose a 32-member state assembly and one MP in the last phase of the staggered national elections on Saturday.

35. "We have taken note of the latest developments," External Affairs Ministry spokesman Navtej Sarna said. He was commenting on the just published "World Affairs Year Book - 2203/04," an official publication of the Chinese government, which has not listed Sikkim among countries of the world, as it has been doing in the past. A former protectorate of India, Sikkim integrated into the country in 1975, a development that China had not accepted earlier.

36. The spokesman noted that when Prime Minister Vajpayee paid a path-breaking visit to China in June last year, "a

UNCLASSIFIED

UNCLASSIFIED

process was started by which Sikkim would cease to be an issue in India-China relations." During the visit, the two countries decided to resume border trade through the Nathu La pass in Sikkim that was seen as the first step towards Chinese recognition of Sikkim as Indian border state.

37. India, on the other hand, declared "The Tibet Autonomous Region is part of the territory of the People's Republic of China," meeting one of Beijing's main concerns. The Chinese acknowledgement of Sikkim as an Indian state comes at a time when ties between India and China have been on an upswing. While bilateral trade is set to cross the \$10-billion mark this year, New Delhi and Beijing have also appointed Special Representatives in a bid to speed up the dragging negotiations to resolve their boundary dispute that led a brief war between South Asia's most populous nations in 1962.

--INDIA, PAKISTAN FOR AMENDING SUSPENDED SHIPPING PROTOCOL

38. THE HINDU reported from Islamabad that India and Pakistan are keen on amending the suspended protocol on shipping to enable ships of both the countries to carry cargo to third countries and run cargo services. An informal discussion on the scope of shipping services was held today in the port city of Karachi. The Indian Secretary in the Ministry of Shipping, D.P. Joseph, and the Pakistan Director of Port and Shipping, Anwar Shah, reviewed various possibilities on the sidelines of an international conference on shipping.

39. In October last year, as part of the confidence building measures, India had proposed the revival of the ferry service between Mumbai and Karachi. Pakistan has accepted the proposal in principle though no dates for technical level talks have been proposed.

40. The report noted that there are indications that the proposal would be discussed in July when the two sides hold a composite dialogue on eight identified subjects. Ferry service between the two countries was suspended after the 1965 war.

41. "We want to restore the old shipping protocol of 1975, with new clauses, to start cargo and ferry services between the two countries," Joseph told

UNCLASSIFIED

UNCLASSIFIED

journalists. He said in the course of informal discussions the Pakistan side has put forward some suggestions on amendments to the suspended protocol and he would convey them to the External Affairs Ministry on his return to India.

42. Under the protocol, Indian and Pakistani ships are allowed to carry cargo only to each other's country and it is considered highly uneconomical. Both sides see vast potential for shipping with appropriate changes in the protocol.

--BPO MARKET SET TO REACH \$682 B IN 2008

43. Several mainline dailies carried a PTI wire story from Houston quoting a study by IDC as stating that worldwide the Business Process Outsourcing (BPO) market will reach USD 682.5 billion in the year 2008. The study presents an update to the five-year forecast for the worldwide market for BPO services. It also focuses on the trends and events influencing opportunities in the BPO market and identifies future growth areas within each the BPO functional segment.

44. The study entitled 'Worldwide and U.S. Business Process Outsourcing (BPO) 2004-08 Forecast and Analysis (IDC #31095)' answers the questions about key buyer and vendor trends within each BPO market and their impact on the market forecasts. It also tells about the key growth areas and opportunities to expect in each BPO market for 2004 and beyond.

45. IDC's research points to a BPO market that is exciting, brimming with opportunities, and yet, complex and challenging. "There is a definite surge in interest for BPO in today's economic climate," said Romala Ravi, program manager, BPO Services. "At the same time, companies' expectations and demands of BPO providers have escalated, and the lens through which BPO engagements are being evaluated has become much more sharply focused. Though the rewards are potentially substantial, the path to success in the BPO market will be fraught with challenges, necessitating focus and long-term commitment on the part of BPO providers," Ravi said.

46. The BPO market is really made up of many individual markets, each with its own nuances, unique opportunities and challenges. For the service providers, who are looking to play in BPO, there is no

UNCLASSIFIED

UNCLASSIFIED

fast track or silver bullet to this market, and focus is critical, the IDC says. Making a play as a BPO provider entails risks and takes time, resources, and patience, it says.

--INDIA'S EXPORTS TO SPURT AFTER MFA ENDS

47. THE HINDU reported that India's exports are likely to spurt by over 185 per cent after the global textiles and clothing industry ends the quota system in January 2005. Along with China, India is expected to be one of the big winners with the end of the Multi Fiber Agreement (MFA) that put the quota system in place to protect rich developed countries from exports by developing countries.

48. Giving this estimate of India's gains, Oxfam GB's trade policy advisory told newsmen that this should

raise textile exports from about USD 11 billion now to about USD 20 billion by the year 2010. He said a major reason for India's advantage in the textile industry is the fact that it is probably the only country with an integrated supply chain in this sector. In other words, it grows raw cotton and silk as well as produces man-made fiber within the country. This is in turn converted to yarn, woven into fabric and then made up into garments by Indian factories.

49. This is in contrast to countries like Bangladesh and Sri Lanka, which have to import the raw materials and will thus run into difficulties due to tough 'rules of origin' regulations of developed countries.

50. At the same time, he stressed that even India would have to deal with new non-trade barriers being

used by the EU and the U.S. These included new testing regulations and labeling requirements. He recalled that four years ago the EU complained to the WTO about dumping of bed linen by an Indian company, leading to 1,000 jobs being lost in Pondicherry. Even though the EU lost, he said it altered the terms of the complaint slightly and reapplied the same duties against Indian imports. He said the textiles and clothing industry contributed 5 per cent of GDP, 20 per cent of industrial output, one-third of foreign exchange, provided direct and indirect employment to 35 million people and was the highest net foreign exchange earner for the country.

UNCLASSIFIED

UNCLASSIFIED

51. THE HINDU also reported that poor countries like Bangladesh and Sri Lanka are likely to be the hardest hit when rich countries lift the system of quotas on imports of textile and garments in January 2005. Though developing countries like India and China may benefit, several least developing countries are expected to face factory closures and massive job losses. Mulford

NNNN

UNCLASSIFIED